

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Tooling Science, Inc.,

Debtor.

Case No. 16-41999

Chapter 11

**NOTICE OF HEARING AND MOTION FOR EXPEDITED RELIEF AND
FOR AN ORDER AUTHORIZING USE OF CASH COLLATERAL
ON A PRELIMINARY AND FINAL BASIS**

TO: ALL PARTIES IN INTEREST AND OTHER ENTITIES AS SPECIFIED IN LOCAL
RULE 9013-3:

1. Tooling Science, Inc., a Minnesota Corporation (“Debtor”), by and through its undersigned attorneys, moves the court for the relief requested and gives notice of hearing herewith.

2. The court will hold a preliminary expedited hearing on this motion at 10:00 a.m. on July 6, 2016, or as soon thereafter as counsel may be heard, in Courtroom 2B of the U.S. Courthouse, 316 North Robert Street, St. Paul, Minnesota 55101, before the Honorable William J. Fisher, United States Bankruptcy Judge.

3. The court will hold a final hearing on this motion at 1:30 p.m. on July 26, 2016, or as soon thereafter as counsel may be heard, in Courtroom 2B of the U.S. Courthouse, 316 North Robert Street, St. Paul, Minnesota 55101, before the Honorable William J. Fisher, United States Bankruptcy Judge. THE HEARING ON THIS MOTION OR THE PRELIMINARY MOTION MAY BE CONTINUED BY THE COURT, AT THE HEARING, WITHOUT FURTHER NOTICE TO ANY PARTY.

4. Any response to the preliminary hearing must be filed and delivered not later than the time set forth for hearing.

5. Any response to the final hearing must be filed and delivered not later than five business days before the time set forth for the hearing, including Saturdays, Sundays and holidays. IF OBJECTIONS ARE NOT SERVED AND FILED IN A TIMELY MANNER, THE COURT MAY GRANT THE REQUESTED RELIEF WITHOUT A HEARING IN ACCORDANCE WITH LOCAL RULE 9013-2(f).

6. The petition commencing this Chapter 11 case was filed on June 30, 2016 (the “Filing Date”), and the case is now pending before this court.

7. This court has jurisdiction over this motion pursuant to 28 U.S.C. §§ 157 and 1334, Bankruptcy Rule 4001, 5005, and Part IX of the Local Rules. This motion is filed under Bankruptcy Rule 4001(b) and Local Rule 4001-2. This proceeding arises under 11 U.S.C. § 363.

8. Movant requests the following relief:

- (a) For a preliminary and final order allowing Debtor to use cash collateral as defined in 11 U.S.C. § 363 in the Bankruptcy Code.
- (b) For an order granting Debtor the right to a preliminary hearing for the use of cash collateral on an expedited basis.
- (c) For such other and further relief as the court deems just and equitable.

9. The creditors with purported liens in cash collateral are set forth on Exhibit B, with the amount of the debt and collateral relating to each. Per that exhibit: MidwestOne Bank

has a first position blanket lien on all of the assets of the Debtor, including cash collateral assets. In addition, Brian Burley, Dennis Vlasak and Terry Back have all filed UCC-1s for loans they have given to the Debtor. All of these individuals are officers and insiders of the Company.

10. Each of the secured creditors with a lien on cash collateral is hereafter referred to as the “Cash Collateral Creditors.” The Cash Collateral Creditors are oversecured as of the filing date.

11. As of the Filing Date, the Debtor has cash collateral assets with a value of approximately \$423,000 (consisting of cash, inventory and accounts receivable). The Debtor projects that the value of cash collateral, as of July 6, 2016 (the preliminary hearing date) will be approximately \$527,475, and as of July 26, 2016 (the final hearing date) will be \$590,650.

12. As required by Local Rule 4001-2, attached hereto are (i) a liquidation analysis (Exhibit A), (ii) a verified schedule of debt secured by collateral (Exhibit B), (iii) a projected cash flow statement through December 31, 2016 (Exhibit C), and (iv) a budget of expenditures of the company, pending final hearing on approval of the use of cash collateral (Exhibit D) that need to be expended to avoid immediate and irreparable harm to the estate.

13. Exhibit C provides a description of the collateral and its approximate value at the end of the period for which Debtor seeks authorization to use cash collateral.

14. By reason of the foregoing, and based upon the projected values and the cash flow projection, the position of the creditors who hold a lien in cash collateral including cash, accounts receivable and inventory (those items turned into cash in the orderly course of business), remains stable and even increases in value.

15. Debtor requires the use of cash collateral in order to carry on its business activities, to pay for its current operations, including purchases, insurance, utilities, payroll, and

payroll taxes and rent. Debtor shall be able to operate, on a cash basis, and believes that it will be able to obtain a confirmed plan and a reorganization in accordance with existing rules and statutes.

16. As and for adequate protection, Debtor proposes that it be authorized to grant to the Cash Collateral Creditor (and all creditors having a lien in cash collateral), a replacement lien or a security interest in any new assets, materials and accounts receivable, generated from the use of cash collateral, with the same priority, dignity, and validity of prepetition liens or security interests. Specifically, the Debtor proposes granting a replacement lien to the Cash Collateral Creditors to the extent that it protects them against diminution of the value of their collateral as it existed at the time of the commencement of this proceeding.

17. As additional adequate protection, Debtor proposes (1) to maintain insurance on all of the property in which the Cash Collateral Creditor (and all other secured creditors) claim a security interest; (2) to pay all post-petition federal and state taxes, including timely deposit of payroll taxes; (3) provide the Cash Collateral Creditor (and all other secured creditors, upon reasonable notice), access during normal business hours for inspection of their collateral and the Debtor's business records; and (4) all cash proceeds and income of the Debtor will be deposited into a Debtor in Possession Account (i.e., the "DIP" account).

18. Debtor believes it can operate in Chapter 11, and can, within a reasonable time period, propose and confirm a plan of reorganization through the use of the advantages of Chapter 11, including the use of §1129 of the Bankruptcy Code, and other sections.

19. The reason for the request for expedited hearing is that Debtor requires the use of cash collateral in order to carry on its business activities, to pay for its current operations,

including purchases, insurance, utilities, payroll, and payroll taxes. The disruption of its operations would cause irreparable damage to the Debtor.

20. Debtor has given notice by fax, email and U. S. mail (as set forth in the affidavit of service) of this motion to parties in interest specified in Local Rule 9013-3. The Debtor requests that the court find under the circumstances that the notice given was adequate and expedited hearing is appropriate.

21. Pursuant to Local Rule 9013-2(c), the Debtor states that should testimony be necessary at either the preliminary or final hearing on this matter, Debtor reserves the right to call the following witness(es):

- a) Mr. Brian Burley
President of the Debtor
- b) Other employee or agent of Tooling Science, Inc.
- c) Mel Enger, CPA.

22. This motion is further supported by a memorandum of law, attached hereto and incorporated by reference herein.

WHEREFORE, Debtor prays for an order of the court as follows:

- 1. Granting Debtor a hearing on its expedited motion.
- 2. Authorizing the Debtor to continue to use cash collateral within the provisions of Section 363, until the final hearing.
- 3. Authorizing the Debtor to grant to the Cash Collateral Creditors (and any other entity holding a lien in cash collateral) as and for adequate protection of its secured interest, the right to a replacement lien and post-petition security interest, to the same validity, priority, and extent of its security interest held prepetition, in any and all new cash collateral including new inventory receivables of Debtor. Such replacement lien will secure it against diminution of the value of its collateral, as it existed as of the commencement of this case.

4. Granting such other further protections as the court deems reasonable, so as to adequately protect the secured creditors' position, and allow the Debtor to use cash collateral in the ordinary course of business.
5. For such other and further relief as the court may deem just and equitable.

Respectfully submitted,

Dated: July 1, 2016

/e/ Thomas J. Flynn
Thomas J. Flynn (30570)
Larkin Hoffman Daly & Lindgren Ltd.
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4845-9632-7717, v. 1

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Tooling Science, Inc.,

Debtor.

Case No. 16-41999

Chapter 11

**MEMORANDUM OF LAW IN SUPPORT OF MOTION FOR EXPEDITED RELIEF
AND FOR AN ORDER AUTHORIZING USE OF CASH COLLATERAL
ON A PRELIMINARY AND FINAL BASIS**

Tooling Science, Inc. the above-referenced debtor (the “Debtor”), by and through its attorneys, submits this memorandum of law in support of its motion for expedited relief and for an order authorizing use of cash collateral pending a final hearing and its motion for an order authorizing the use of cash collateral. The petition commencing this Chapter 11 case was filed on June 30, 2016 (the “Filing Date”).

Section 363 of the Bankruptcy Code prohibits a debtor from using cash collateral without the consent of the secured party having an interest in such collateral or court order. Such an order can be entered if the debtor offers adequate protection to the party or parties with a secured interest, in cash collateral.

The Debtor runs a machine and tooling business in Maple Grove, Minnesota. The company has approximately 75 full and part-time employees, and has annual sales of approximately \$5,000,000.

In this case, Debtor has cash collateral assets with a value of approximately \$423,000 as of the Filing Date (consisting of cash, inventory and net receivables). The value of those assets as of July 6, 2016 (the preliminary hearing date) is projected to be approximately \$527,000, and

as of July 26, 2016 (the final hearing date) the value is projected to be \$590,000. The value of the Cash Collateral will at all times be in excess of the value of such collateral as of the Filing Date.

The exhibits A, B and C, included herewith, show that the secured creditors' positions (as more thoroughly set forth below) will not be harmed by continued operations during the period that Debtor requests use of cash collateral.

MidwestOne Bank ("MidwestOne") holds a first position blanket security interest in all of the cash collateral, as well as all personal property and assets of the Debtor (with subordinate blanket liens held by three company shareholders). (See Exhibit B) The amount due MidwestOne is approximately \$1,550,000. The amount due the second position secured creditor is \$50,000. Both are oversecured as of the Filing Date.

The motion assumes that the Cash Collateral Creditors are properly perfected; however, the Debtor has not had the time to determine whether the Cash Collateral Creditors' interest in Cash Collateral is perfected or whether the documents purportedly collateralizing the Cash Collateral Creditor's loans with the Debtor's assets are legally sufficient. The value owned by the Debtor of all of the collateral securing the claims of the Cash Collateral Creditors is approximately \$1,688,000 (at liquidation). The Debtor need only show that it will be able to maintain the value of the cash collateral in order to be allowed the use of cash. See United Savings Assoc. v. Timbers of Linwood Forest, 108 S. Ct. 626 (1988). Here, Debtor can maintain the value of collateral.

It is proposed that the Cash Collateral Creditors receive a replacement liens in the assets of the Debtor, and that by virtue thereof, it is adequately protected in this case. The grant of such lien will be to the same extent, priority and dignity of any lien it had or may have had prepetition.

Furthermore, the replacement lien will be enforceable post-petition, only to the extent necessary to protect the interests of the Cash Collateral Creditor against the diminution of value of the pre-petition collateral as of the time of filing of the case. In addition, the Debtor will otherwise preserve the value of the cash collateral, and all other collateral, during the pending of this case, as more fully set forth in the motion.

Cash flow projections filed with this motion indicate Debtor will be able to maintain the status quo and improve its condition on a cash basis through December, 2016. The secured parties' interests, therefore, are adequately protected.

This memorandum is submitted in support of Debtor's motion for an order authorizing it to use cash collateral on a temporary basis subject to a final hearing required by Bankruptcy Rule 4001(b).

Respectfully submitted,

Dated: July 1, 2016

/e/ Thomas J. Flynn
Thomas J. Flynn (30570)
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952-835-3800
tfflynn@larkinhoffman.com
Attorneys for Debtor

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Exhibit A

TOOLING SCIENCE, INC.

Liquidation Analysis

Assets	Book Value	Liquidation Value
(1) Cash		\$3,000.00
(2) A/R		\$400,000.00
(3) Inventory		\$20,000.00
(4) Machinery/Equipment		
(i) Machinery	\$1,250,000.00	
(ii) Vehicles	5,000.00	
(iii) Furniture, computers, etc.	<u>10,000.00</u>	
Total Machinery/Equipment		\$1,265,000.00
TOTAL ASSETS		1,688,000.00
LESS:		
<u>Secured Debt:</u>		
• MidwestOne Bank	\$1,550,000.00	
• Dennis Vlasak	<u>50,000.00</u>	
Total Secured Debt:		\$1,600,000.00
<u>Priority Debt</u>		
• Accrued ins, executory contract, utilities, etc		50,000.00
• Priority wages		<u>50,000.00</u>
Total Priority Debt		\$100,000.00
TOTAL DEBT		\$1,700,000.00
TOTAL AVAILABLE FOR UNSECURED CREDITORS		\$ <u>0</u>
TOTAL GENERAL UNSECURED DEBT		\$ 866,000.00
% PAID TO UNSECURED CREDITORS		0%

Exhibit B

Secured Lenders

Lender	Amount Due*	Collateral
MidwestOne Bank (first position lien)	\$1,550,000.00	Blanket lien
Brian Burley	\$0.00	Blanket lien
Dennis Vlasak	\$50,000.00	Blanket lien
Terry Back	\$0.00	Blanket lien

*Amounts given are approximate

Exhibit C
Cash Flow Projections

TOOLING SCIENCE, INC.
WORKING CAPITAL CASH FLOW
PROJECTED JULY-DECEMBER 2016

DESCRIPTION	PROJECTIONS												
	7/1/2016	7/8/2016	7/15/2016	7/22/2016	7/29/2016	8/5/2016	8/12/2016	8/19/2016	8/26/2016	SEPT	OCT	NOV	DEC
CASH SOURCES													
Current AR	\$	50,000	\$ 50,000	\$ 75,000	\$ 75,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ -	\$ -
WIP													
Progress/final billing		25,000	25,000	25,000	50,000	75,000	75,000	75,000	75,000	200,000	150,000	100,000	50,000
New Work													
Down payments						50,000	50,000	50,000	50,000	150,000	150,000	150,000	200,000
Progress/final billing										150,000	150,000	150,000	150,000
Shareholder Loan		50,000		50,000	50,000		-	-	-	-	-	-	-
TOTAL CASH SOURCES		125,000	75,000	150,000	175,000	155,000	155,000	155,000	155,000	380,000	450,000	400,000	400,000
USES OF CASH													
Staffing Expenses													
Salaries and Wages		48,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	185,000	185,000	185,000	185,000
Payroll Taxes		3,800	3,400	3,400	3,400	3,400	3,400	3,400	3,400	14,800	14,800	14,800	14,800
Benefits		-	-	-	19,000	-	-	-	19,000	19,000	19,000	19,000	19,000
Manufacturing Expenses													
Materials and O/S Purchases		25,000	25,000	25,000	25,000	35,000	35,000	35,000	35,000	130,000	130,000	130,000	130,000
W/C Insurance		-	-	-	4,700	-	-	-	-	4,700	4,700	4,700	4,700
Rent		3,800	-	-	5,500	-	3,800	-	-	9,300	9,300	9,300	9,300
Utilities		-	-	-	10,100	-	-	-	10,100	10,100	10,100	10,100	10,100
Property Taxes		-	-	-	-	-	-	-	-	29,800	-	-	-
R & M - Equipment		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	6,000	4,800	4,800	6,000
R & M - Bldg		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	6,000	4,800	4,800	6,000
Supplies		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	12,500	10,000	10,000	12,500
Misc.		-	550	-	-	-	-	550	-	550	550	550	550
Selling/G&A Expenses													
Insurance - General		-	-	-	-	-	-	-	-	-	-	-	-
Consulting Fees		5,000	-	5,000	-	5,000	-	-	-	5,000	5,000	5,000	5,000
Legal Fees		-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000
Computer Expenses		975	975	975	3,475	975	975	3,675	975	7,375	6,400	6,600	7,375
Vehicle Expenses		400	400	400	400	400	400	400	400	2,000	1,600	1,600	2,000
Commissions		-	6,000	-	-	-	-	3,700	-	5,100	19,000	6,200	-
Advertising & Promotion		-	-	-	-	-	-	-	-	-	-	-	-
Office Supplies		100	100	100	100	100	100	100	100	500	400	400	500
Telephone/Internet		650	0	550	0	0	650	550	0	1200	1200	1200	1200
Life Insurance		2,500	2,300	500	1,750	2,500	2,300	500	1,750	7,000	7,000	7,000	7,000
Interest on debt		200		2,500	2,500		200	2,500	2,500	5,000	5,000	5,000	5,000
Misc		200	200	200	200	200	200	200	200	1,000	800	800	1,000
TOTAL USES OF CASH		95,525	86,825	86,525	124,025	95,475	94,925	98,475	121,325	437,125	474,250	431,850	432,025
CASH IN OVER/(UNDER) CASH USE	\$ -	\$ 29,475	\$ (11,825)	\$ 63,475	\$ 50,975	\$ 59,525	\$ 60,075	\$ 56,525	\$ 33,675	\$ (57,125)	\$ (24,250)	\$ (31,850)	\$ (32,025)
CASH BALANCE	3,000	32,475	20,650	84,125	135,100	194,625	254,700	311,225	344,900	287,775	263,525	231,675	199,650
AR BALANCE NET	400,000	475,000	550,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
RAW MATERIAL INVENTORY	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
TOTAL WORKING CAPITAL	423,000	527,475	590,650	704,125	755,100	814,625	874,700	931,225	964,900	907,775	883,525	851,675	819,650

ASSUMPTIONS

CURRENT AR BALANCE COLLECTIONS ESTIMATED ON PRIOR PAYMENT HISTORY

WIP SALES VALUE \$1,553,598 WHICH INCLUDE \$552,810 DOWN PAYMENTS AND UNINVOICED FINAL PAYMENTS OF \$1,000,788

WIP COLLECTIONS ESTIMATED BASED ON 45 DAYS AVERAGE DAYS TO PAY

NEW WORK DOWN PAYMENTS OF \$43,000 ON 6-24-16 AND \$71,875 ON 8-5-16 BASED ON ACTUAL ORDERS RECEIVED AFTER 6-20-16 BUT PRIOR TO 6-24-16

NEW WORK REMAINING DOWN PAYMENTS ARE ESTIMATED AT 50% OF \$97,000 WEEKLY SALES OR \$5,040,000 ANNUAL SALES

NEW WORK DOWN PAYMENTS CASH RECEIPTS ESTIMATED TO BE RECEIVED 30 DAYS ARO

PO'S ESTIMATED AT \$420,000/MO

DOWN PMT OF 50% CASH RECEIVED WITHIN 30 DAYS FOLLOWING ORDER

PROJECT LENGTH ESTIMATED AT 10 WEEKS

PROGRESS/FINAL BILLING CASH RECEIVED WITHIN 30 DAYS OF PROJECT COMPLETION

PAYROLL INCLUDES VACATION PAYOUTS ON 6-24-16 AND 7-1-16 FOR \$12,000 AND ON 8-19-16 AND IN NOVEMBER FOR \$3,000

PAYROLL TAXES ESTIMATED AT 8% OF GROSS WAGES

BENEFITS ARE RECORDED AS PAYMENTS MADE TO VENDOR LESS EMPLOYEE PORTION

BENEFITS ESTIMATED AT 8.3% OF GROSS WAGES

ESTIMATED MATERIAL COST FOR WIP JOBS ALREADY IN PROGRESS ARE ADDED TO MATERIAL COSTS FOR FUTURE JOBS

ESTIMATED MATERIAL COSTS FOR FUTURE JOBS ARE 27.5% OF FORECASTED SALES AMOUNT

WORKERS COMP EXPENSE IS REPORTED AS ACTUAL BILLED AMOUNTS

RENT EXPENSE ESTIMATED AS P&I ON THE 1ST OF THE MONTH AND LIFE INS. PREMIUMS ON THE 15TH OF THE MONTH

UTILITIES PAID LAST WEEK OF THE MONTH ESTIMATED AT AVERAGE OF PRIOR 5 MONTHS

PROPERTY TAXES - 2ND HALF DUE IN THE MIDDLE OF OCTOBER

R & M EQUIPMENT EXPENSE ESTIMATED AT AVERAGE PRIOR 5 MONTHS LESS SIGNIFICANT MACHINE REPAIR COSTS

MANUFACTURING AND SHOP SUPPLIES ARE ESTIMATED AT 2.5% OF SALES AMOUNT

MISC MANUFACTURING INCLUDES SALES AND USE TAX EXPENSE PAID ON THE 20TH OF EACH MONTH

GENERAL INSURANCE WAS PREPAID IN JANUARY 2016

COMPUTER EXPENSES INCLUDES ESTIMATED AT AVERAGE PRIOR 5 MONTHS AND A QUARTERLY PAYMENTS PAID TO CONTINUE SOFTWARE MAINTENANCE OF \$2,500, \$2,700 AND \$3,500 IN JULY, AUGUST, OCTOBER, NOVEMBER AND DECEMBER.

VEHICLE EXPENSES ESTIMATED AT AVERAGE PRIOR 5 MONTHS

COMMISSION ESTIMATED AT 7.5% FOR NEW CUSTOMER TOOLING THE FIRST YEAR AND \$0 FOR UNQUOTED FORECASTED ORDERS

TELEPHONE AND INTERNET INCLUDES VERIZON AND COMCAST CONTRACT BILLINGS PAID MONTHLY

LIFE INSURANCE EXPENSES ARE ACTUAL CONTRACTED PREMIUM COSTS

INTEREST EXPENSE IS RECORDED AS ACTUAL ON LONG TERM AND LINE OF CREDIT PRINCIPLE

NO PRINCIPLE PAYMENTS ON LONG TERM DEBT OR LINE OF CREDIT

G & A MISC EXPENSE INCLUDES WEEKLY PAYROLL PROCESS FEE OF \$135 AND ESTIMATED OTHER COSTS OF \$65

AR BALANCE INCREASES ARE BASED ON WIP THROUGH 1ST WEEK OF SEPTEMBER AND ESTIMATED NEW ORDERS THROUGH THE BALANCE OF THE YEAR

Exhibit D

Budget Pending Final Hearing

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TOOLING SCIENCE, INC.
USE OF CASH COLLATERAL BUDGET
THROUGH 7/26/2016

DESCRIPTION	PROJECTIONS			
	7/1/2016	7/8/2016	7/15/2016	7/22/2016
CASH SOURCES				
Current AR	\$ 50,000	\$ 50,000	\$ 75,000	\$ 175,000
WIP				\$ -
Progress/final billing	25,000	25,000	25,000	\$ 75,000
New Work				\$ -
Down payments				\$ -
Progress/final billing				\$ -
Shareholder Loans	50,000	-	50,000	\$ 100,000
TOTAL CASH SOURCES	125,000	75,000	150,000	\$ 350,000
USES OF CASH COLLATERAL				
Staffing Expenses				\$ -
Salaries and Wages	48,000	43,000	43,000	\$ 134,000
Payroll Taxes	3,800	3,400	3,400	\$ 10,600
Benefits	-	-	-	\$ -
Manufacturing Expenses				\$ -
Materials and O/S Purchases	25,000	25,000	25,000	\$ 75,000
Utilities	10,100	-	-	\$ 10,100
R & M - Equipment	1,200	1,200	1,200	\$ 3,600
R & M - Bldg	1,200	1,200	1,200	\$ 3,600
Supplies	2,500	2,500	2,500	\$ 7,500
Misc.	-	550	-	\$ 550
Selling/G&A Expenses				\$ -
Insurance - General	-	-	-	\$ -
Computer Expenses	975	975	975	\$ 2,925
Vehicle Expenses	400	400	400	\$ 1,200
Advertising & Promotion	-	-	-	\$ -
Office Supplies	100	100	100	\$ 300
Telephone/Internet	650	0	550	\$ 1,200
Life Insurance	2,500	2,300	500	\$ 5,300
Interest on debt	200		2,500	\$ 2,700
Misc	200	200	200	\$ 600
TOTAL USES OF CASH	96,825	80,825	81,525	\$ 259,175

VERIFICATION

The undersigned, who is the President of the Debtor, hereby declares under penalty of perjury that the facts set forth in the Motion for Expedited Relief and for an Order Authorizing the Use of Cash Collateral on a Preliminary and Final Basis, and the Memorandum in support of the motion, and the exhibits thereto are correct to the best of his knowledge and belief.

Date: July 1, 2016



Brian Burley
President

4845-9632-7717, v. 1

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Bky. No. 16-41999
Chapter 11 Case


Tooling Science, Inc.

Debtor.

**SEPARATE VERIFICATION OF CASH
COLLATERAL AND EXHIBITS
PURSUANT TO LOCAL RULE 4001-2(a)**

Pursuant to Local Rule 4001-2(a) the undersigned hereby states under penalty of perjury that he is the President of the Debtor, that he has firsthand knowledge of the facts stated in the Notice of Motion and Exhibits A- D attached to the pending motion for use of cash collateral by the Debtor and that the facts set forth therein are true and correct, to the best of his knowledge.

Date: July 1, 2016



Brian Burley, President

4845-9632-7717, v. 1

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Case No. 16-41999

Tooling Science, Inc.,

Chapter 11

Debtor.

CERTIFICATE OF SERVICE

I, Thomas J. Flynn, under penalty of perjury, hereby declare that on July 1, 2016, in connection with the above-referenced matter, the following documents:

1. Notice of Hearing and Motion for Expedited Relief on a Preliminary and Final Basis and for an Order Authorizing Use of Cash Collateral;
2. Memorandum of Law in Support of Motion;
3. Exhibits A-D;
4. Verification of Brian Burley;
5. Separate Verification of Cash Collateral Exhibits;
6. Certificate of Service; and
7. Order for Use of Cash Collateral Pending Final Hearing

were filed with the Clerk of Court via ECF, and served on the parties listed on the attached service list by the means indicated.

Dated: July 1, 2016

/e/ Thomas J. Flynn

Thomas J. Flynn

4845-9632-7717, v. 1

**Tooling Science, Inc.
Chapter 11 Bankruptcy
Case No. 16-41999**

SERVICE LIST

Tooling Science, Inc. Attn: Brian Burley, President 9424 Deerwood Lane N. Maple Grove, MN 55369 VIA US MAIL AND FAX Fax: 763-426-6506	US Trustee Office Attn: Michael Fadlovich 300 S. 4th Street, Suite 1015 Minneapolis, MN 55414 VIA US MAIL and EMAIL/ECF michael.fadlovich@usdoj.gov Ustregion12mn.ecf@usdoj.gov
United States Attorney 600 U.S. Courthouse 300 South Fourth Street Minneapolis, MN 55415 VIA U.S. MAIL AND FAX Fax: 612-664-5788	Internal Revenue Service STOP 5700 30 East Seventh Street St. Paul, MN 55101 VIA U.S. MAIL AND FAX Fax: 651-312-7970
IRS District Counsel 650 Galtier Plaza 380 Jackson Street St. Paul, MN 55101 VIA U.S. MAIL AND FAX Fax: 651-726-7360	Minnesota Dept. of Revenue Bankruptcy Section 600 North Robert Street P.O. Box 64447 St. Paul, MN 55164-0447 VIA U.S. MAIL AND FAX Fax: 651-282-2817
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Vincent Tool Technologies Corp Attn: Chelsey Mayer 4197 – 123rd Street Chippewa Falls, WI 54729 VIA U.S. MAIL AND EMAIL EMAIL: cmayer@vincenttool.com	Metal Treaters, Inc. Attn: Katie Brinker 859 North Prior Avenue St. Paul, MN 55104 VIA U.S. MAIL AND FAX Fax: 651-646-7705

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Anoco Metal Services, Inc. Attn: Tara Zincke 1105 – 19th Ave. S. Princeton, MN 55371 VIA U.S. MAIL AND FAX Fax: 763-788-2557	Hire Authority, LLC Attn: Lisa Oakley PO Box 13188 Milwaukee, WI 53213-0188 VIA U.S. MAIL AND FAX Fax: 651-483-8205
Yudo, Inc. Attn: Amanda Schultz 33875 Capitol Street Livonia, MI 48150 VIA U.S. MAIL AND FAX Fax: 734-744-8123	Carlson Advisors, LLP Attn: Julie Voight 7101 Northland Circle, Suite 123 Minneapolis, MN 55428 VIA U.S. MAIL AND FAX Fax: 763-535-8154
Micro-Weld, Inc. Attn: Denise Klosterman 10550 County Rd. 81, Ste. 109 Maple Grove, MN 55369 VIA U.S. MAIL AND FAX Fax: 763-425-8815	Aerotek Commercial Staffing Attn: Taylor Drayer PO Box 198531 Atlanta, GA 30384-8531 VIA U.S. MAIL AND EMAIL EMAIL: tdraayer@aerotek.com
M&M Polishing, Inc. Attn: Mark Molitor 24439 Typo Creek Drive Stacy, MN 55079 VIA U.S. MAIL AND FAX Fax: 651-462-5302	Incoe Attn: Cindy Hackerd 1740 E. Maple Road Troy, MI 48083 VIA U.S. MAIL AND FAX Fax: 248-556-7753
Orrock Direct Industrial Courier, Inc. Attn: Kurt Orrock 12161 – 197th Ct. NW Elk River, MN 55330 VIA U.S. MAIL AND FAX Fax: 763-241-9510	MSC Industrial Supply Attn: Kenyetta Futch 75 Maxess Road Melville, NY 11747-0000 VIA U.S. MAIL AND FAX Fax: 800-255-5067
DME Company Attn: Balamurugan Sakthivel 29111 Stephenson Highway Madison Heights, MI 48071 VIA U.S. MAIL AND FAX Fax: 888-808-4363	

4845-9632-7717, v. 1

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Tooling Science, Inc.,

Debtor.

Case No. 16-41999

Chapter 11

ORDER FOR USE OF CASH COLLATERAL PENDING FINAL HEARING

The Debtor's expedited motion for an order authorizing the use of cash collateral pending a final hearing came on for a hearing on July 6, 2016, before the Honorable William J. Fisher, United States Bankruptcy Judge. Appearances, if any, are noted on the record.

Based on the motion and supporting documents submitted by the Debtor for Use of Cash Collateral, and the files and records herein.

IT IS HEREBY ORDERED:

1. Pending the final hearing, the Debtor is authorized to use cash collateral to the extent set forth on Exhibit D to Debtor's motion as modified in an amount no greater than \$259,175.
2. All banks, lenders or depository institutions used by the Debtor are directed and authorized to release and return to Debtor all of Debtor's cash collateral and deposits, including any cash, credit card payments, accounts receivable and all checks received prior to the filing date (even if they have not yet cleared), and all other cash collateral received before, on or after the filing date; and allow Debtor access to its cash and receivables in order that Debtor can use its funds in the normal course of business, and give the Debtor an accounting of the same.
3. For purposes of adequate protection, and only to the extent of cash collateral used, the Debtor is authorized to grant any creditor having an interest in cash collateral a replacement lien in the Debtor's post-petition assets of the same type and nature as subject to the pre-petition liens. Such liens shall have the same priority and effect as the such lien creditors held on the pre-petition property of the Debtor, and are granted only to the extent of the diminution in value of such creditors' interest in pre-petition collateral.
4. As additional adequate protection, Debtor shall (a) maintain insurance on all of the property in which any secured creditor having a lien in Cash Collateral (and all other secured creditors) claims a security interest; (b) pay all post-petition federal and state taxes, including

timely deposit of payroll taxes; (c) provide the Cash Collateral Creditors (and all other secured creditors, upon reasonable notice), access during normal business hours for inspection of their collateral and the Debtor's business records; and (d) deposit all cash proceeds and income into a Debtor in Possession Account ("DIP" account).

5. The replacement liens of the secured creditors are deemed properly perfected without any further act or deed on the part of the Debtor or the creditor.

6. A final hearing on the Debtor's motion will be held on July 26, 2016, at 1:30 p.m. in Courtroom 2B of the U.S. Courthouse, 316 North Robert Street, St. Paul, Minnesota, before the Honorable William J. Fisher, United States Bankruptcy Judge. Any objection to the motion shall be filed and served or delivered prior to the final hearing in accordance with Local Rule 9006-1.

7. Entry of this order is without prejudice to the rights of any party-in-interest to dispute the validity, priority and effect of any security interest granted to any creditor claiming an interest in cash collateral.

Dated:

William J. Fisher
United States Bankruptcy Judge